

HIPAA Overview

HIPAA -

Health Insurance Portability and Accountability Act

Federal law in 1996 (PL 104-191).

Federal Register: August 17, 2000 (Volume 65, Number 160)

Web reference: aspe.hhs.gov/admnsimp/

- “ Protects health insurance coverage for workers and their families.**
- “ Accelerates the move to electronic transactions with national standards.**
- “ There are potential health care industry cost savings once all players are using the standards.**

What is the Impact?

- **Changes how health care is administered and paid for.**
- **Service delivery improvements:**
 - **Cost Savings for the overall administration of health care**
 - **Easier for people to receive benefits**
 - **Easier for providers to get paid**

- **Protects patient data**

Who must comply?

- “ Applies to the following “covered entities”:
 - **All Health Plans (including components of government agencies that fund the provision of health care services)**
 - **All Health Care clearinghouses**
 - **All Providers who electronically conduct business transactions**

- “ **Security and privacy rules apply to individually identifiable health information that is or ever has been electronically transmitted or maintained by an entity.**

- “ **Non-compliance may result in fines and non-payment of federal related claims.**

The Standards:

- “ **By the federal Department of Health and Human Services**
 - **Transactions**
 - **Code Sets**
 - **Unique Identifiers**
 - **Security**
 - **Privacy**

The Schedule:

- “ Rules are being adopted in a piecemeal manner, each with a 24 month implementation (36 month for small health plans).
 - Implement first standards by October 2002.
 - Ongoing implementations through 2005.
 - Ongoing annual changes.

Who Is Impacted Includes:

Organizations are impacted if they are covered entities conducting the standard transactions. Because data content will in many instances change to conform to the standards, other organizations may be impacted because they use data that is created by a covered entity that has had to change their data to conform to the

standards.

- **Currently 7 departments**
- **Possibly 13 more departments**
- **All county health related programs**
- **90,000 providers in California**

Communication and coordination with our business partners will be critical, even if process changes are not expected.

Business Processes Impacted:

- **Billing and payment of health care services (different data content exchanged during these processes)**
- **Exchange of eligibility and enrollment information**

- **Referral and authorization processes**
- **Medical information practices and processes**
- **Service encounter information processes**
- **Privacy and security policy, processes and procedures**
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Fiscal Impact:

“ Agency-wide:

May cost over \$100,000,000.

Unknown: Will State pay for changes by the 90,000 providers?

“ Statewide, costs may exceed \$1,000,000,000.

“ Non-compliance Issues:

No federal claims reimbursement (billions of dollars).

Inability to pay providers.

Poor interaction with business partners.

Fines, penalties and sanctions may be levied.

Need a California Voice On:

- Local codes (\$1 billion potential impact).
- Drug codes.
- Identifiers for providers, patients, etc.
- Federal infrastructure.
- Outreach, planning, communication, coordination and education.
- Utilize Web processes.
- Support on legislative issues.

California's HIPAA Effort Needs:

- Executive sponsorship.
- Staff, contractor and travel funding.
- Support on BCP's and FSR's.
- Task force approach to coordinate stakeholders and business

partners.

- “ Funds to define, test and implement changed processes. Maybe a special fund to get resources in a timely manner (like Y2K).**

